UPDATE

WAH KWONG

MARITIME TRANSPORT HOLDINGS LIMITED

Chairman's Statement

We are pleased to present you with an update of the progress of Wah Kwong Maritime Transport Holdings Ltd. Since we postponed our IPO in June 2008, the world economy and shipping markets in particular have seen a period of unprecedented turbulence.

Whilst the events of the past year have certainly had an impact on Wah Kwong, our business model has proved resilient and we continue to weather this particular storm through a commitment to the business we know and through ensuring we maintain the highest standards of execution.

I would like to thank you for your ongoing interest and support in Wah Kwong and look forward to working with you in the future.

George Chao
Chairman

HIGHLIGHTS

- Two new VLCCs ordered at Dalian for delivery 2011/2012 reflect continued commitment to tanker market.
- 88% of revenue days covered until end 2010 at profitable levels.
- VLCC 'ARDENNE VENTURE' extended for three years at 40% increase over current rate.
- Disposal of VLCC 'STARLIGHT VENTURE' generates an annualised ROI of 36.8%.
- Planned integration of 12 LPG tankers will lead to enlarged company with further diversified fleet.

Operational Review

Whilst the turbulent financial markets of the past year are still fresh in everyone's minds and the consequences still being very much felt, it is perhaps worth reflecting on the impact these events have had on shipping. When we undertook our investor road show in May/June 2008, the established indicator of the health of the dry bulkcarrier market, the Baltic Dry Index, had just hit an all time high of 11,793 points. By December, an unprecedented and unexpected fall saw the BDI collapse to just 663, one of the lowest levels since the index was constituted.

Many of us in the shipping industry had anticipated that there would eventually be a downturn in shipping markets because of the high level of newbuilding ordering which had taken place over the boom period, but the reasons for and the severity of the downturn, as more full detailed in the Market Review section of this report, took everyone by surprise.

How has Wah Kwong faired through these turbulent times? Our young fleet of bulkcarriers and tankers has remained fully employed. We have been well served by our strict risk management in terms of assessing our counterparties. We have not been subjected to any charterer defaults or renegotiations which have affected many of our fellow shipowners. Ensuring that we continue to only deal with counterparties who we can rely on is something we pursue with an almost religious zeal. Of course nobody can ever be 100 per cent confident, particularly in turbulent times such as those we have experienced over the past year, but ensuring that our counterparties are substantial entities, committed to the long haul and ideally have a committed cargo base remain pillars of our chartering policy. We have continued to charter our ships to our already established customers and in addition have welcomed COSCO, the world's largest shipping company, and the Australian Wheat Board (AWB) to our roster of clients.

"We are delighted to have concluded our first deals with some of the leading PRC banks."

Taking delivery of a newbuilding bulkcarrier in January, when the spot market in the Pacific was around US$ 3,000 presented us with a situation where an initial trading loss on the vessel was inevitable. In this position, rather than adopt our normal strategy of fixing the vessel on a period charter, we chose to place the vessel in an established bulkcarrier pooling operation. The result has been that we have managed to ride the wave of the improving market and average earnings for the year are now in the black. As the dry bulk market rose in May and June, we took the opportunity to fix out a number of our bulkcarriers at profitable rates for one to two year periods in anticipation of a more challenging market later this year when newbuilding deliveries accelerate. These charters mean that 85% of our bulkcarrier fleet is fixed until end 2010.

We currently have eight bulkcarrier newbuildings under construction, five of which are already fixed on long term, profitable charters to established business partners of the company. In addition to securing employment for these ships, we have also made considerable progress in securing the finance for these ships in what has been one of the most challenging ship finance markets on record and which looks set to continue to be a very tough environment. Whilst we continue to enjoy a strong level of support from our existing lenders, we have taken the opportunity to leverage our established links in Mainland China and we are delighted to have concluded our first deals with some of the leading PRC banks.

Wah Kwong has maintained its commitment to the tanker market, with an order for two VLCCs being placed in the summer of 2008 at Dalian Shipyard. One of these vessels has been ordered in conjunction with our long term partner Sanko Line and employment for both vessels has now been secured, with the charters including a profit sharing provision allowing us to participate in the longer term upside of the tanker market which we remain firm believers in. Having enhanced our VLCC fleet with these orders, we took the opportunity in mid 2009 to sell our fifty percent share in our joint venture owned five year old VLCC 'STARLIGHT VENTURE', which yielded a gain of US$13.3 mill to the company. Our FY 2009 profits of US$86.17 mill reflect the significant surplus earned from the sale of the 'GOLDEN VENTURE' and with the sale of our share in the 'STARLIGHT VENTURE' being our only disposal this year, profits from disposals will be reduced which together with three vessels in particular being re-fixed at lower rates will reflect an overall drop in profit. This is reflected in the provisional results for the four months ended July 31st 2009 which reflects a drop in charter income from US$27.4 mill in the same period in 2008 to US$14.6 mill this year.

The current financial year inevitably sees a substantial reduction in earnings, however, management has positioned the company to continue operating profitably and build our cash reserves.

Looking to the future, the integration of our newbuilding orderbook over the next twenty four months together with the planned incorporation of our sister company's fleet of twelve LPG vessels and our shipmanagement company into Wah Kwong Maritime Transport Holdings will provide for a larger group well positioned to take advantage of the eventual upturn in shipping markets. These developments, together with strengthening our balance sheet, building up a cash reserve to take advantage of the inevitable opportunities which will arise and executing the chartering strategy which has served us well through this downturn will continue to position the company as a leading Hong Kong based shipowning group with a balanced, sustainable and recurrent income stream.

Tim Huxley *CEO*

Financial Highlights

Income Statement

US$'000	4 months ended 31 July		Year ended 31 March	
	2009 Actual	2008 Actual	2009 Actual	2008 Actual
Revenue	54,647	27,431	145,369	92,506
Cost of Operations	(35,098)	(7,783)	(49,657)	(50,684)
Gross Profit	19,549	19,648	95,712	41,822
Other Income	108	107	621	298
SAG	(1,324)	(2,354)	(7,585)	(3,776)
Operating Profit	18,333	17,401	88,748	38,344
Finance Income	54	227	1,336	984
Finance Costs	(1,178)	(2,167)	(5,566)	(8,181)
Share of Profits of Associated Companies	538	353	1,656	1,145
Profit before Tax	17,747	15,814	86,174	32,292
Tax	–	–	–	–
Profit for the Year	**17,747**	**15,814**	**86,174**	**32,292**
Charter Revenue				
Bulker	4,598	16,622	39,561	28,817
Tanker	10,049	10,809	30,808	27,689
	14,647	27,431	70,369	56,506
Disposal Revenue				
Bulker	–	–	75,000	–
Tanker	40,000	–	–	36,000
	40,000	–	75,000	36,000
Total Revenue	**54,647**	**27,431**	**145,369**	**92,506**

Financial Ratios

	For the year ended 31 March	
	2009	2008
Profitability Ratios		
Gross Profit Margin	65.8%	45.2%
Gross Profit Margin (Charterhire Income)	67.5%	65.7%
Gross Profit Margin (Sale of Vessel)	64.3%	13.0%
Operating Profit Margin	61.1%	41.5%
Net Profit Margin	59.3%	34.9%
Adjusted Return on Equity	36.1%	34.4%
Adjusted Return on Capital Employed	20.1%	13.6%
Return on Assets	18.3%	8.4%
Liquidity and Capital Adequacy Ratios		
Adjusted Current Ratio	1.30x	0.29x
Adjusted Gearing Ratio*	41.3%	53.0%
Adjusted Debt to Equity Ratio	0.86x	2.0x
Interest Cover Ratio	15.94x	4.69x

** Adjusted gearing ratio = (net debt)/(net debt + equity + advance from fellow subsidiaries to be capitalised)*

Net debt is calculated as bank borrowings less cash and bank balances.

Assuming same amount is capitalised for all financial years.

Balance Sheet

US$'000	31-Jul-09 Actual	31-Mar-09 Actual	31-Mar-08 Actual
ASSETS			
Non Current Assets			
Plant and Equipment	396,406	424,362	337,989
Associates	4,146	3,608	1,952
	400,552	427,970	339,941
Current Assets			
Vessel for Sale	–	–	–
Trade and Other Receivable	2,060	3,177	6,402
Amount Due from Fellow Subsidiaries	1,673	1,627	757
Amount Due from Associates	3,405	3,405	4,405
Cash and Bank Balances	63,463	35,960	32,148
	70,601	44,169	43,712
Total Assets	471,153	472,139	383,653
EQUITY			
Capital and Reserves			
Combined Share Capital	2,378	2,378	26
Combined Reserves	253,948	236,118	66,397
Total Equity	256,326	238,496	66,423
LIABILITIES			
Non-current Liabilities			
Long-term Borrowings	166,627	177,322	154,572
Advance from Ultimate Holding Company	25,000	25,000	–
	191,627	202,322	154,572
Current Liabilities			
Trade and Other Payable	4,651	4,389	6,462
Advance from Ultimate Holding Company	–	–	91,657
Advance from Fellow Subsidiaries	–	–	27,460
Amounts Due to Fellow Subsidiaries	234	230	4,074
Current Portion of Long-term Borrowings	18,315	26,702	33,005
	23,200	31,321	162,658
Total Liabilities	214,827	233,643	317,230
Total Equity and Liabilities	471,153	472,139	383,653
Net Current Assets (Liabilities)	47,401	12,848	(118,946)
Total Assets Less Current Liabilities	447,953	440,818	220,995

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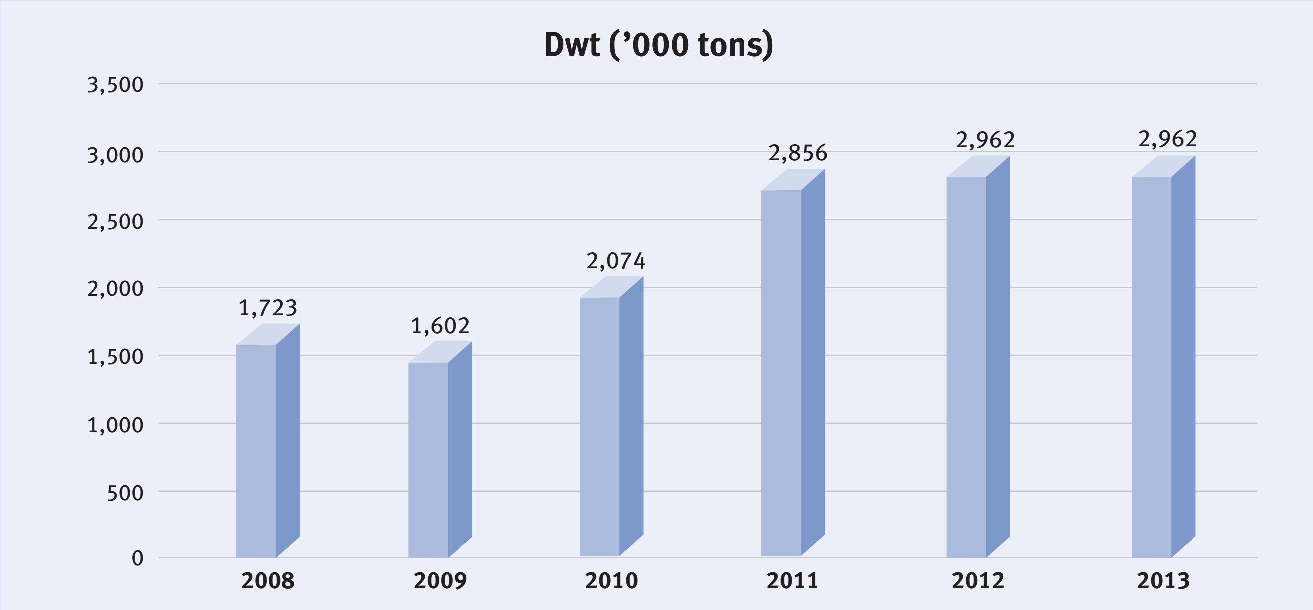
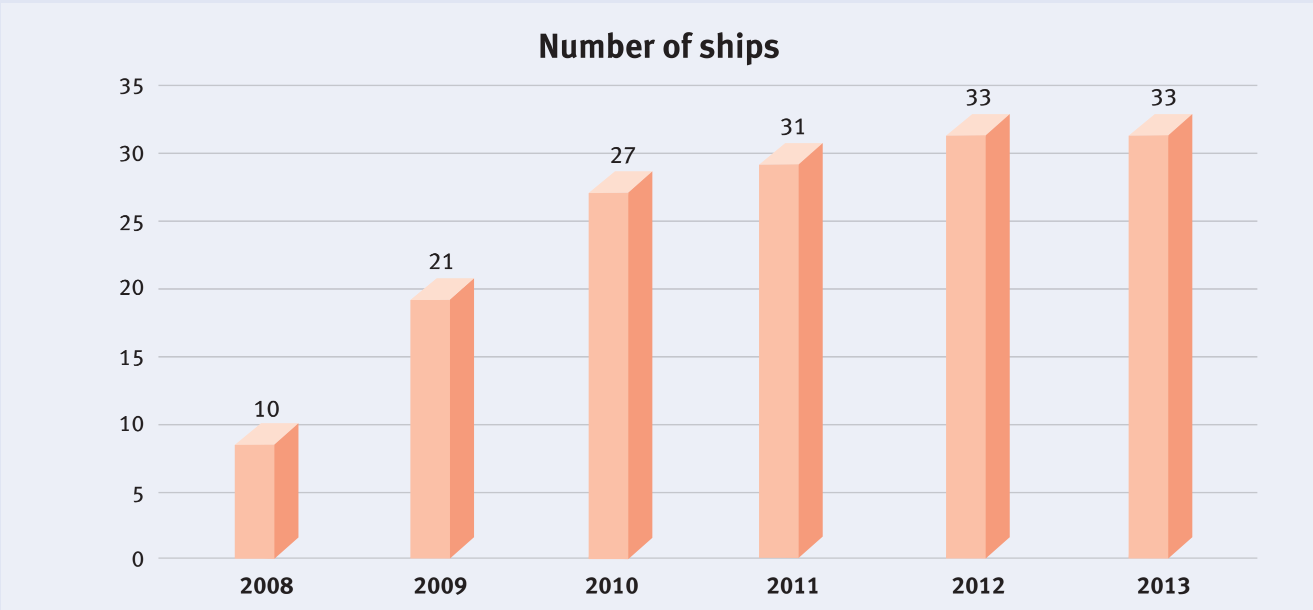
Wah Kwong Maritime Transport Holdings Limited

Growth Targets Being Met:

- Newbuilding deliveries continue growth as a commodity based shipowning company with very young fleet.
- VLCC market position strengthened with investment in two VLCC newbuildings at Dalian and employment already secured.
- Leveraging position in China market through expanded PRC chartering base and finance secured through PRC financial institutions.
- Fleet has remained fully employed through turbulent bulk shipping markets.

WKMT Fleet Growth • 2008 - 2013





Market Review Sept 08 - Sept 09

Drybulk

Over the previous twelve months the dry bulk market has experienced extreme levels of volatility. This included a precipitous collapse in rates between September and December 2008 driven by a an unprecedented industrial depression and the global credit crunch, which affected bulk commodity markets so severely that drybulk trade almost dried up overnight. As iron ore and coal imports to the developed nations collapsed and consumption dropped, stockpiles were drawn down close to zero – further exacerbating the effect on bulk shipping markets. The benchmark Baltic Dry Index (BDI) fell from 5,000 in September to just 663 points in early December – one of the lowest points in the history of the index. The catastrophic effect of the global freeze on trade finance combined with China's post Olympic de-stocking to bring about the cataclysmic drop in the drybulk market and a number of companies paid the ultimate price. Since early January the story has, in some ways, been even more remarkable for the way in which China has almost single-handedly ridden to the rescue.

The dry bulk demand statistics paint an illuminating picture. The cutback in steel production outside of China has been stark with the annualised rate of steel production in FH09 of 569mt representing a fall of 35% from FH08. However, over the same period Chinese annualised steel production hit 514mt in Q109 and 559mt in Q209 increasing China's share of global steel production from 38% in 2008 to 49% in 2009. The enormous CNY 4 trillion stimulus package announced by the Chinese government initiated a large increase in imports of a diverse range of commodities but undoubtedly it has been the remarkable levels of iron ore and coal that have been of most significance to the dry bulk market. Chinese iron ore imports set consecutive quarterly records in Q1 and Q2 2009 and total FH09 imports reached 297mt representing a 29% y-o-y increase from FH08 and a 39% increase from the more modest 2H08 levels. In the coal sector Chinese imports in FH09 of 48.3mt were more than double the 21.6mt imported in the corresponding period in 2008. China moved from being a nett exporter of about 4mt in FH08 to a nett importer of more than 36mt in FH09. If there is a 2H recovery in raw material imports to the OECD block, particularly with regards iron ore shipments, then demand could remain very healthy for the balance of this year, even despite a partial slowdown in Chinese import volumes.

The greatest cause for concern in the drybulk market is undoubtedly the size of the orderbook. It has become very difficult to accurately evaluate the supply of new ships at any point in the future and delivery estimates have become a moving target. The supply of ships is sensitive to the freight market and whilst there will undoubtedly be a significant increase in newbuilding deliveries in Q409 and 2010, the growth of the fleet cannot be predicted with accuracy and will, to some extent, be market sensitive. It is likely that the lumpy profile of the current orderbook will be smoothed out over the next few years. At some point, however, it is inevitable that the fleet will move into a period of tonnage over-supply, which will have a negative effect on rates. Scrapping will inevitably re-emerge (as it did earlier this year and in Q408) and once this has worked its way through the system there is a good chance that, with the positive demand dynamics outlined above, the market will be ready to begin a cyclical recovery.

Tankers

The tanker market largely survived the initial effects of the credit crunch unscathed, chiefly because the market is dominated by oil majors and state-owned companies who were less affected by the absence of trade finance in Q408 and Q109. Tanker demand remained steady in 2H08 but spot rates in the VLCC market showed high degrees of volatility. OPEC cuts in Q408 were seen as negative for the tanker market, as it was perceived that they would inevitably lead to less oil being shipped. This was, to a degree, offset in the VLCC market by strong one-year time charter demand from traders chartering vessels with storage options to take advantage of the contango in oil prices. Storage deals have played an increasing role in the market and in May 2009 over 10% of the VLCC fleet (around 50 vessels) were being utilised for this purpose. Even despite this positive supply factor, however, waning global demand for oil and accelerating tanker fleet growth in Q2 and Q3 has led to spot rates falling to multi-year lows.

There is currently little positive news for tanker owners but recent upward revisions in global oil demand arising from stronger demand from China (which is now expected to grow 2.8% this year and 4% next year) do hint at better times ahead with China's crude oil imports climbing 42.3% in July 09 from a year earlier. There are, however, concerns about the number of newbuildings due to deliver in the balance of this year and in 2010. The crude fleet is expected to grow 13.3% and 9.0% in 2009 and 2010 respectively, which is why we are cautious on the outlook for tankers in the next few years. This caution underpinned our decisions to extend the time charters on the "Ardenne Venture" and "Starlight Venture" for three years in March 09 and to dispose of our 50% share in the "Starlight Venture" over the summer.

Sale and Purchase

The drybulk sale and purchase market has seen activity pick up significantly since the turn of the year as charter markets have improved. With many European buyers constrained by a lack of finance, Far Eastern buyers – particularly the Chinese, have been the prominent market players. The BDI almost doubled in May, peaking in early June, which ensured an active market and a rise in asset values. Second hand capesize values increased about 15% between May and August but a fragile chartering market and an apparent tightening of finance conditions in China have both contributed to a recent drop in activity and widespread caution from buyers.

Sale and purchase activity has been significantly quieter in the tanker market, which is a natural side effect of the continuing weak chartering conditions. The lack of liquidity and negative near-term outlook has raised question marks about the direction of asset prices.